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8 Counsel for Plaintiff

9
10 UNITED STATES DISTRICT COURT
11 CENTRAL DISTRICT OF CALIFORNIA
12

13 LISA DOYLE, DERIVATIVELY AND
14 ON BEHALF OF RESONANT INC.,

15 Plaintiff,

16 vs.

17 TERRY LINGREN, JOHN E. MAJOR,
18 ROBERT B. HAMMOND, JANET K.
19 COOPER, and RICK KORNFELD,
20 THOMAS R. JOSEPH,

21 Defendants,

22 And

23 RESONANT INC.,

24 Nominal Defendant.

CASE No.:

VERIFIED SHAREHOLDER
DERIVATIVE COMPLAINT FOR:

(1) BREACH OF FIDUCIARY
DUTY;
(2) CORPORATE WASTE;
(3) GROSS MISMANAGEMENT;
AND
(4) UNJUST ENRICHMENT

JURY TRIAL DEMANDED

25 Plaintiff Lisa Doyle ("Plaintiff"), by her undersigned attorneys, derivatively
26 and on behalf of Resonant Inc. ("Resonant," or the "Company"), files this Verified
27 Shareholder Derivative Complaint against Individual Defendants Terry Lingren, John
28

1 E. Major, Robert B. Hammond, Janet K. Cooper, Rick Kornfeld, and Thomas R.
2 Joseph, (collectively, the “Individual Defendants”) for breaches of their fiduciary
3 duties as directors and/or officers of Resonant, gross mismanagement, abuse of
4 control, and unjust enrichment for his complaint against Individual Defendants,
5 alleges the following based upon personal knowledge as to herself and her own acts,
6 and information and belief as to all other matters, based upon, *inter alia*, the
7 investigation conducted by and through her attorneys, which included, among other
8 things, a review of the Defendants' public documents, conference calls and
9 announcements made by Defendants, United States Securities and Exchange
10 Commission (“SEC”) filings, wire and press releases published by and regarding
11 Resonant, news reports, securities analysts' reports and advisories about the
12 Company, and information readily obtainable on the Internet. Plaintiff believes that
13 substantial evidentiary support will exist for the allegations set forth herein after a
14 reasonable opportunity for discovery.
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20 **NATURE OF THE ACTION**

21 1. This is a shareholder derivative action which seeks to remedy
22 wrongdoing committed by Resonant’s directors and officers from August 14, 2014
23 through the present (the “Relevant Period”).
24

25 2. Resonant is a Delaware corporation that maintains its principal executive
26 offices at 110 Castilian Drive, Suite 100, Santa Barbara, California 93117.
27
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1 3. Resonant is a development stage company, which focuses on creating
2 filter designs for radio frequency (“RF”) front-ends in the mobile device industry.

3
4 4. Throughout the Relevant Period, Defendants made false and/or
5 misleading statements, as well as failed to disclose material adverse facts about the
6 Company’s business, operations, prospects and performance. Specifically, during the
7 Relevant Period, Defendants made false and/or misleading statements and/or failed to
8 disclose that: (1) there were errors in the valuation of warrant liabilities, weighted
9 average shares outstanding and earnings per share, and the notes to the condensed
10 consolidated financial statements for the three and six months ended June 30, 2014
11 and 2013; (2) the Company’s disclosure controls and procedures were not effective as
12 of June 30, 2014; (3) the Company would be unable to meet Milestone 4 pursuant to
13 its development agreement in the first quarter of 2015; and (4) as a result of the
14 foregoing, the Company’s financial statements and statements concerning its business
15 operations and prospects were materially false and misleading at all relevant times.
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20 5. On October 8, 2014, the Company filed a Form 8-K with the SEC
21 revealing that its previously issued unaudited condensed consolidated financial
22 statements for the three and six month periods ended June 30, 2014 and 2013
23 included in its Form 10-Q for the quarter ended June 30, 2014 filed with the SEC on
24 August 14, 2014 (“2014 2nd Quarter 10-Q”) needs to be restated. The Company also
25 revealed that it identified a material weakness in its internal controls as of June 30,
26 2014.
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1 6. On this news, shares of Resonant fell \$0.13 per share from its previous
2 closing price to close at \$6.35 per share on October 9, 2014.

3
4 7. On October 10, 2014, the Company filed an amended Form 10-Q for the
5 quarter ended June 30, 2014 with the SEC (the “Amended 2014 2nd Quarter 10-Q”),
6 which restated its unaudited condensed consolidated financial statements and related
7 disclosures for the three and six months ended June 30, 2014 and 2013.

8
9 8. On this news, shares of Resonant fell \$0.25 per share from its previous
10 closing price to close at \$6.05 per share on October 13, 2014.

11
12 9. On February 26, 2015, the Company announced that the completed
13 duplexer design it delivered to its first customer for consideration did not meet all the
14 specifications in the development agreement.

15
16 10. On this news, shares of Resonant fell \$5.07 per share or over 32% from
17 its previous closing price to close at \$10.40 per share on February 27, 2015.

18
19 11. In light of Defendants’ conduct, the Company and Lingren being named
20 as defendants in several federal securities fraud class action lawsuits filed in this
21 Court, a majority of the Board cannot consider a demand to commence litigation
22 against themselves on behalf of the Company with the requisite level of
23 disinterestedness and independence.

24
25 12. The Company has been substantially damaged as a result of the
26 Individual Defendants' knowing breaches of fiduciary duty and other misconduct.
27

28 **JURISDICTION AND VENUE**

13. Diversity jurisdiction is conferred by 28 U.S.C. § 1332. Plaintiff and Individual Defendants are citizens of different states and the amount in controversy exceeds the sum or value of \$75,000, exclusive of interest and costs.

14. The Court has personal jurisdiction over each of the Defendants because each Defendant is an individual who is a citizen of California or who has minimum contacts with this District to justify the exercise of jurisdiction over them.

15. Venue is proper in this District pursuant to 28 U.S.C. §§ 1391 and 1401 because a substantial portion of the transactions and wrongs complained of herein occurred in this District, one or more of the Defendants either resides or maintains executive offices in this District, and the Defendants have received substantial compensation in this district by engaging in numerous activities that had an effect in this District.

PARTIES

16. Plaintiff is a current shareholder of Resonant. Plaintiff has been a shareholder of Resonant common stock during the Relevant Period, and has continuously held Resonant common stock at all relevant times. Plaintiff is a citizen of New York.

17. Nominal Defendant Resonant is a Delaware Corporation headquartered in Santa Barbara, California. Resonant is a development-stage company, which focuses on creating innovative filter designs for RF front-ends—the circuitry in a mobile device responsible for analog signal processing—for the mobile device

1 industry. Resonant trades on the NASDAQ Capital Market (“NASDAQ”) under the
 2 ticker symbol “RESN.” The defendants below are beleived to be citizens of California.
 3

4 18. Defendant Terry Lingren (“Lingren”) is a director and the founder of the
 5 Company. He has served as the Company’s Chairman of the Board, and is currently
 6 the Chief Executive Officer.
 7

8 19. Defendant John E. Major (“Major”) is the Chairman of the Board, and
 9 has served as a director of the Company since December 2013.
 10

11 20. Defendant Robert B. Hammond (“Hammond”) is the Chief Technology
 12 Officer, and has served as a director of the Company since June 2013.
 13

14 21. Defendant Janet K. Cooper (“Cooper”) has served as a director of the
 15 Company since January 2014.
 16

17 22. Defendant Rick Kornfeld (“Kornfeld”) has served as a director of the
 18 Company since December 2013.
 19

20 23. Defendant Thomas R. Joseph (“Joseph”) has served as a director of the
 21 Company since July 2015.
 22

23 24. The defendants referenced above in ¶¶18 – 24 are sometimes referred to
 24 herein as the “Individual Defendants.”
 25

26 **~~DUTIES OF THE INDIVIDUAL DEFENDANTS~~**

27 25. By reason of their positions as officers, directors and/or fiduciaries of
 28 Resonant and because of their ability to control the business and corporate affairs of
 Resonant, the Individual Defendants owed Resonant and its shareholders fiduciary

1 obligations of trust, loyalty, good faith, and due care, and were and are required to
2 use their utmost ability to control and manage Resonant in a fair, just, honest, and
3 equitable manner. The Individual Defendants were and are required to act in
4 furtherance of the best interests of Resonant and its shareholders so as to benefit all
5 shareholders equally.
6

7
8 26. Each director and officer of the Company owes to Resonant and its
9 shareholders the fiduciary duty to exercise good faith and diligence in the
10 administration of the Company and in the use and preservation of its property and
11 assets and the highest obligations of fair dealing.
12

13 27. The Individual Defendants, because of their positions of control and
14 authority as directors and/or officers of Resonant, were able to and did, directly
15 and/or indirectly, exercise control over the wrongful acts complained of herein.
16

17 28. To discharge their duties, the officers and directors of Resonant were
18 required to exercise reasonable and prudent supervision over the management,
19 policies, controls, and operations of the Company.
20

21 29. Each Individual Defendant, by virtue of his position as a director and/or
22 officer, owed to the Company and to its shareholders the highest fiduciary duties of
23 loyalty, good faith, and the exercise of due care and diligence in the management and
24 administration of the affairs of the Company, as well as in the use and preservation of
25 its property and assets. The conduct of the Individual Defendants complained of
26 herein involves a knowing and culpable violation of their obligations as directors and
27
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1 officers of Resonant, the absence of good faith on their part, or a reckless disregard
2 for their duties to the Company and its shareholders that the Individual Defendants
3 were aware or should have been aware posed a risk of serious injury to the Company.
4 The conduct of the Individual Defendants has been ratified by the Individual
5 Defendants who collectively comprised the Resonant's Board at all relevant times.
6

7
8 30. As senior executive officers and directors of a publicly-traded company
9 whose common stock was registered with the SEC pursuant to the Exchange Act and
10 traded on NASDAQ, the Individual Defendants had a duty not to effect the
11 dissemination of inaccurate and untruthful information with respect to the Company's
12 financial condition and performance, growth, operations, financial statements,
13 business, products, management, earnings, and present and future business prospects,
14 so that the market price of the Company's common stock would be based upon
15 truthful and accurate information. Accordingly, the Individual Defendants breached
16 their fiduciary duties by causing or recklessly permitting violations of the federal
17 securities laws.
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21 31. To discharge their duties, the officers and directors of Resonant were
22 required to exercise reasonable and prudent supervision over the management,
23 policies, practices, and internal controls of the Company. By virtue of such duties,
24 the officers and directors of Resonant were required to, among other things:
25

26 (a) refrain from acting upon material inside corporate information to
27 benefit themselves;
28

1 (b) ensure that the Company complied with its legal obligations and
2 requirements, including acting only within the scope of its legal authority and
3 disseminating truthful and accurate statements to the investing public;
4

5 (c) conduct the affairs of the Company in an efficient, business-like
6 manner so as to make it possible to provide the highest quality performance of its
7 business, to avoid wasting the Company's assets, and to maximize the value of the
8 Company's stock;
9

10 (d) properly and accurately guide investors and analysts as to the true
11 financial condition of the Company at any given time, including making accurate
12 statements about the Company's financial results;
13

14 (e) remain informed as to how Resonant conducted its operations, and,
15 upon receipt of notice or information of imprudent or unsound conditions or practices,
16 make reasonable inquiry in connection therewith, and take steps to correct such
17 conditions or practices and make such disclosures as necessary to comply with
18 securities laws; and
19

20 (f) ensure that Resonant was operated in a diligent, honest, and
21 prudent manner in compliance with all applicable laws, rules, and regulations.
22

23
24 32. Each of the Individual Defendants further owed to Resonant and the
25 shareholders the duty of loyalty requiring that each favor Resonant's interest and that
26 of its shareholders over their own while conducting the affairs of the Company and
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1 refrain from using their position, influence or knowledge of the affairs of the
2 Company to gain personal advantage.

3
4 33. Moreover, the Individual Defendants, as either officer, director, and/or
5 employee of the Company, were required to comply with the Company Code of
6 Business Conduct and Ethics Policy (“Code of Ethics”). The Company's proxy
7 statement filed with the SEC on April 30, 2015 with the SEC states that “our board of
8 directors has adopted a Code of Business Conduct and Ethics that applies to all of our
9 employees, officers and directors, including our chief executive officer, chief
10 financial officer, and other executive and senior financial officers.” The Code of
11 Ethics itself states, in pertinent part:
12
13

14 **CODE OF BUSINESS CONDUCT AND ETHICS RESONANT INC.**

15
16 **I. Introduction**

17 This Code of Business Conduct and Ethics (the “Code of Conduct”) summarizes the ethical standards and policies that guide your conduct as
18 an employee or other representative of Resonant Inc. (the “Company”). The purpose of this Code of Conduct is to promote ethical conduct,
19 compliance with applicable laws and regulations, and deter wrongdoing. The policies outlined in this Code of Conduct are designed to ensure that
20 the Company’s employees, including its officers (collectively referred to herein as “Employees”) and members of its board of directors
21 (“Directors”), act in strict accordance with the letter and the spirit of the laws and regulations that apply to the Company’s business, and in a
22 manner consistent with standards of high integrity. In addition to being bound by all other provisions of this Code of Conduct, the CEO and
23 Finance Employees of the Company are subject to the Code of Ethics for the CEO, Senior Financial Officers and Employees with Financial
24 Reporting Responsibilities included as part of this Code of Conduct. The Company expects its Employees and Directors to exercise good judgment
25 to uphold these standards in their day-to-day activities, to avoid the appearance of impropriety, and to observe all applicable laws and
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1 regulations while conducting business on behalf of the Company.
2 Employees and Directors are expected to read the policies set forth in this
3 Code of Conduct and ensure that they understand and comply with them.
4 All Employees and Directors are required to abide by the Code of
5 Conduct. The Code of Conduct should also be provided to and followed
6 by the Company's agents and representatives, including consultants,
7 resellers and temporary workers. The Code of Conduct does not cover
8 every issue that may arise, but it provides general guidelines for
9 exercising good judgment. Employees and Directors should also refer to
10 the Company's other policies where applicable for implementing the
11 general principles in this Code of Conduct. Any questions about the Code
12 of Conduct or the appropriate course of conduct in a particular situation
13 should be directed to the Company's Chief Executive Officer or Chief
14 Financial Officer, as appropriate. Any violations of laws, rules,
15 regulations or this Code of Conduct should be reported immediately in
16 accordance with the Company's Whistleblower Policy. The Company
17 will not allow retaliation against an Employee or Director for a report
18 made in good faith, and will take reasonable steps where possible to
19 protect the anonymity of reporting parties where such anonymity is
20 desired. Employees and Directors who violate this Code of Conduct will
21 be subject to disciplinary action. Each Employee and Director must sign
22 the acknowledgement form in Appendix A to this Code of Conduct and
23 return it to the Company's Human Resources Department indicating that
24 he or she has received, read, understood and agreed to comply with the
25 Code of Conduct on at least an annual basis. The signed acknowledgment
26 form(s) will be placed in the individual's personnel file. Subsequently on
27 an annual basis, employees will be asked to re-certify their 2 knowledge
28 and compliance with the code, and further, will be asked to confirm that
they are not aware of any acts which they believe are not compliant with
this Code of Conduct and applicable laws and regulations.

22 **II. Ethical Standards of Conduct**

23 The Company is committed to conducting business in a fair and open
24 manner with the highest regard for its customers, employees and
25 community. We expect all Employees and Directors to act with the
26 highest ethical standards within the letter and spirit of the law. Our
27 success depends not only on our skills and abilities, but on our integrity.
28 During the course of his or her employment or service with the
Company, each Employee and Director is expected to: (a) pursue
Company objectives in a manner that does not impair the Company's
integrity or violate the trust of its Employees, customers or the public at

1 large; (b) be truthful and accurate in all of his or her statements and
2 actions on behalf of the Company; (c) protect the Company's confidential
3 information and property; (d) treat fellow Directors, Employees,
4 customers, vendors and suppliers with respect and dignity and maintain
5 fair and honest relationships with all customers, vendors, suppliers and
6 other business partners; (e) observe all laws, regulations, ordinances, and
7 rules applicable to the operation of the business; (f) ensure the quality
8 and sustain the value of the Company's products and services; and (g)
avoid situations that may engender or give rise to the appearance of a
conflict between personal interests and the business interests of the
Company, except as permitted by this Code of Conduct or by law.

9 **III. Compliance with Laws, Rules and Regulations**

10 Employees and Directors must comply with all laws, rules and
11 regulations applicable to the Company and its business, as well as
12 applicable Company policies and procedures. Each Employee and
13 Director must acquire appropriate knowledge of the legal requirements
14 (including the Foreign Corrupt Practices Act and similar anti-corruption
15 laws) relating to his or her duties and the country in which such
16 Employee primarily renders services on behalf of the Company,
17 sufficient to enable him or her to recognize potential problems and to
18 know when to seek advice from the Company's Chief Executive Officer
19 or Chief Financial Officer. Violations of laws, rules and regulations may
20 subject the violator to individual criminal or civil liability, as well as to
discipline by the Company. These violations may also subject the
Company to civil or criminal liability or the loss of business. Any
questions as to the applicability of any law, rule or regulation should be
directed to the Company's Chief Executive Officer or Chief Financial
Officer. 3

21 **IV. Insider Trading**

22 The purpose of the Company's Insider Trading Policy is to establish
23 guidelines to ensure that all Employees and Directors comply with laws
24 prohibiting insider trading. No Employee or Director in possession of
25 material, nonpublic information may trade the Company's securities (or
26 advise others to trade) from the time they obtain such information until
27 after the Company makes a public disclosure of such information in
28 accordance with the Company's external communications policies and
applicable law. Anyone – including Employees and Directors – who
knowingly trades Company securities while in possession of material,
nonpublic information or who tips such information to others will be

1 subject to appropriate disciplinary action up to and including termination.
 2 Insider trading is also a crime. Employees and Directors also may not
 3 trade in the shares of other companies about which they learn material,
 4 nonpublic information through the course of their employment or service
 5 with the Company. All employees must read and be familiar with the
 6 Company's Insider Trading Policy.

7 **V. Conflicts of Interest**

8 A "conflict of interest" occurs when a person's private interest interferes
 9 with the interests of the Company as a whole. A conflict situation can
 10 arise when an Employee or Director takes actions or has interests that
 11 may make it difficult to perform his or her Company work objectively
 12 and effectively. Conflicts of interest may also arise when an Employee or
 13 Director, or a member of his or her family, receives improper personal
 14 benefits as a result of his or her position with the Company. Loans to, or
 15 guarantees of obligations of, such persons are of special concern.
 16 Employees As a representative of the Company, you are expected to
 17 avoid any activity that creates a situation in which your actions or
 18 loyalties are divided between personal interests and the Company's
 19 interests, or between the Company's interests and those of another entity
 20 or person. If you are unsure of whether an actual or potential conflict of
 21 interest exists, you should consult your manager or the Company's Chief
 22 Executive Officer or Chief Financial Officer promptly. You are
 23 prohibited from entering into any transaction or relationship involving an
 24 actual or potential conflict of interest without the prior written approval
 25 from your manager, in consultation with the Company's Chief Executive
 26 Officer or Chief Financial Officer, if you are an Employee who is not an
 27 executive officer, or (ii) the Company's Board of Directors (or a
 28 Committee of the Board of Directors designated for such purpose), if you
 are the Chief Executive Officer, Chief Financial Officer, or an executive
 officer of the Company. The list below contains examples of situations
 that may be deemed to constitute a conflict of interest requiring prior
 approval: (a) Owning, operating, acting as a director for or being
 employed as an employee or consultant by any business that competes,
 directly or indirectly, with the Company or that is related to the
 Company's business (e.g. supplier, partner or customer). 4 (b) Engaging
 in any business transaction with the Company except in connection with
 its regular Employee programs. (c) Entering into a new, or significantly
 expanding an existing, direct or indirect personal financial relationship
 with a competitor, customer, or supplier; however, generally no conflict
 will be deemed to exist in the case of ownership of less than 1 percent of

the publicly traded stock of a corporation. (d) Awarding a contract or entering into a financial transaction on the Company's behalf (or encouraging other Employees to do so) with a family member or someone with whom an Employee has a significant personal or financial relationship. (e) Engaging in any other employment or extensive personal projects during work hours, or using the Company's property in other employment. (f) Developing outside of the Company any intellectual property that is or may be related to Company's current or potential business. (g) Soliciting the Company's Employees, vendors, or customers to purchase goods or services of any kind for purposes not related to the Company's business, or to make contributions to any organizations or in support of any non-Company authorized causes. (h) Soliciting or entering into any business or financial transaction with an Employee whom you supervise, either directly or indirectly. In addition to the above activities that may require prior written approval, all Employees (including executive officers) are required to promptly notify their manager of any of the following events or circumstances: (i) Receiving or giving gifts which are outside of the bounds of reasonable and customary gifts in the industry. In addition, if you are giving a gift, it is your responsibility to ensure that your conduct complies with the limitations and approval requirements of the Company's expense policies and its policies relating to international business activities. (j) Soliciting or entering into a romantic relationship with an Employee whom you either supervise, directly or indirectly, have influence over career decisions, or have access to sensitive personnel data. This guideline helps to ensure fair treatment and judgment across all Employee decisions. (k) Learning that a company with which you have an existing financial relationship (other than ownership of less than one percent of a publicly traded corporation) becomes a competitor, customer, or supplier of the Company.

Directors

Directors entering into relationships or transactions that could give rise to an actual or potential conflict of interest are expected to promptly notify the Chair of the Audit Committee (or, if the Director is the Chair of the Audit Committee, another member of the Audit Committee) and recuse themselves from participation in any deliberations or decisions made by the Board of Directors (or any Committee of the Board of Directors) relating to the matter giving rise to the actual or potential conflict. In addition, to the extent that a proposed transaction or activity could constitute a transaction with a "related person" within the meaning of Item 404 of Regulation S-K promulgated under the Securities Act of

1 1933, such transaction may also require approval by the Audit
2 Committee pursuant to the Company's policies relating to related person
3 transactions.

4 **VI. No Loans to Directors or Officers**

5 It is the policy of the Company not to extend or maintain credit, to
6 arrange for the extension of credit, or to renew an extension of credit, in
7 the form of a personal loan to or for any Director or executive officer of
8 the Company. Any questions about whether a loan has been made to a
9 Director or executive officer in violation of this policy should be directed
10 to the Company's Chief Executive Officer or Chief Financial Officer.

11 **VII. Outside Directorships and Other Outside Activities**

12 Although the activities of an Employee or Director outside the Company
13 are not necessarily a conflict of interest, a conflict could arise depending
14 upon the Company's relationship with the other party with whom the
15 Employee or Director is involved. Outside activities may also be a
16 conflict of interest if they cause, or are perceived to cause, an Employee
17 or Director to choose between that interest and the interests of the
18 Company. You should not engage in any outside activity that interferes
19 with your performance or responsibilities to the Company. An Employee
20 may not serve as a director, partner, employee of, or consultant to, or
21 otherwise work for or receive compensation for personal services from,
22 any affiliate, customer, partner, supplier, distributor, reseller, licensee or
23 competitor of the Company or any other business entity that does or
24 seeks to do business with the Company without prior written approval of
25 the Company pursuant to this Code of Conduct. In no circumstance,
26 however, will an Employee be permitted to serve as a director of a
27 competitor of the Company. Serving in such a capacity for a company
28 that is not an affiliate, customer, partner, supplier, distributor, reseller,
licensee or competitor of the Company may be permitted, but such
activities must be approved in advance by the Employee's supervisor and
the Chief Executive Officer or Chief Financial Officer. Employees are
encouraged to serve as a director, trustee or officer of non-profit
organizations in their individual capacity and on their own time, but they
must obtain prior approval from the Company's Chief Executive Officer
to do so as a representative of the Company. The guidelines in this
Section are not applicable to Directors that do not also serve in
management positions within the Company.

VIII. Corporate Opportunities

1 Employees and Directors are prohibited from: (a) Personally taking for
 2 themselves, or their family members, opportunities that are discovered
 3 through the use of corporate property, information or position; 6 (b)
 4 Using corporate property, information or position for personal gain or for
 5 the gain of their family members; and (c) Competing with the Company.
 6 In the interest of clarifying the definition of “Competing with the
 7 Company,” if any Director of the Company who is also a partner or
 8 employee of an entity that is a holder of the Company’s common stock,
 9 or an employee of an entity that manages such an entity (each, a “Fund”),
 10 acquires knowledge of an opportunity of interest for both the Company
 11 and such Fund other than in connection with such individual’s service as
 12 a member of the board of directors of the Company (including, if
 13 applicable, such board member acquiring such knowledge in such
 14 individual’s capacity as a partner or employee of the Fund or the manager
 15 or general partner of a Fund), then, provided that such director has acted
 16 in good faith, such an event shall be deemed not to be “Competing with
 17 the Company” under this Section. Employees and Directors owe a duty to
 18 the Company to advance the Company’s legitimate interests when the
 19 opportunity to do so in a legal and ethical manner arises.

14 **IX. Fair Dealing**

15 The Company seeks to excel while operating fairly and honestly, never
 16 through unethical or illegal business practices. Each Employee and
 17 Director should endeavor to deal fairly with the Company’s customers,
 18 suppliers, competitors and Employees. No Employee or Director should
 19 take unfair advantage of anyone through manipulation, concealment,
 20 abuse of privileged information, misrepresentation of material facts, or
 21 any other unfair dealing practices. More specifically, we: (a) Prohibit the
 22 use or acceptance of bribes and any other form of improper payment to
 23 further our business interests and require all employees to abide by our
 24 policies relating to international business activities which prohibits this
 25 conduct; (b) Limit marketing and client entertainment expenditures to
 26 those that are necessary, prudent, job related and consistent with our
 27 policies and all applicable laws; (c) Require accurate communication in
 28 our advertising, literature and other public statements and seek to
 eliminate misstatements of fact or misleading impressions. (d) Reflect
 accurately on all invoices to customers the price and terms of sale for
 services sold or rendered; (e) Protect all proprietary data our customers,
 partners or suppliers provide to us as reflected in our agreements with
 them or as compelled by law; (f) Prohibit our representatives from
 otherwise taking unfair advantage of our customers, partners or suppliers,

1 or other third parties, through manipulation, concealment, abuse of
2 privileged information or any other unfair-dealing practice; and (g)
3 Require integrity, truthfulness and transparency in our dealings with
4 others.

5 **X. Protection and Proper Use of Company Assets**

6 Theft, carelessness and waste have a direct impact on the Company's
7 profitability. Employees and Directors should protect the Company's
8 assets and ensure their efficient use. All Company assets should be used
9 for legitimate business purposes. Company assets include: (1) intellectual
10 property such as patents, trademarks, copyrights, business and marketing
11 plans, engineering ideas, designs, salary information and any unpublished
12 financial data and reports (and unauthorized use or distribution of this
information is a violation of Company policy); and (2) personal
computers, tablets or communication devices provided to you by the
Company for business use. The Company will not be responsible for any
personal data stored on, or transmitted through Company owned devices.

13 **XI. Confidentiality**

14 Employees and Directors should maintain the confidentiality of
15 information entrusted to them by the Company or its affiliates,
16 customers, partners, distributors and suppliers, except when disclosure is
17 specifically authorized by the Company or required by law. Any
18 questions about whether information is confidential should be directed to
19 the Company's Chief Executive Officer or Chief Financial Officer.
20 Employees and Directors also have a duty to protect the Company's
21 intellectual property and other business assets. We take our intellectual
22 property, business systems and the security of Company property very
23 seriously. Good security is critical in protecting the intellectual property
24 development that fuels the Company's growth, the livelihood of its
25 Employees, and its shareholders' investments. The Company's files,
26 personal computers, networks, software, internet access, email, voice
mail and other business equipment and resources are provided for
business use and they are the exclusive property of the Company. Misuse
of such Company property is not tolerated. These and other obligations
relating to confidentiality, security and the Company's intellectual
property can be found in your employment agreements.

26

27 **XV. Reporting Obligations and Conduct of Investigations**

1 This Code of Conduct reflects the importance of acting with integrity in
 2 everything we do at the Company. If you believe there has been a
 3 violation of this Code of Conduct, you have a responsibility to report it
 4 immediately in accordance with the Whistleblower Policy. Employees
 5 may bring any other concerns they have to their Human Resources
 6 representative or any member of the Company's management team.
 7 Anyone who believes that questionable accounting or auditing conduct or
 8 practices have occurred or are occurring should refer to the
 9 Whistleblower Policy for instructions on reporting such concerns. All
 10 reports concerning violations of this Code of Conduct will be
 11 investigated promptly as described in the Whistleblower Policy. The
 12 Board of Directors also reserves the right to investigate any violation and
 13 determine appropriate disciplinary action on its own or to designate
 14 others to do so. The Company's Board of Directors or its designee will
 15 investigate violations and determine appropriate disciplinary action for
 16 matters involving members of the board of directors or executive
 17 officers. Anyone violating this Code of Conduct will be subject to
 18 disciplinary action up to and including termination of employment or
 19 service. Anyone with knowledge of a violation who fails to promptly
 20 report or correct it, or who directs or approves a violation, may also be
 21 subject to disciplinary action, up to and including termination of
 22 employment or service. If you have any questions regarding your own
 23 conduct and how to act consistently with this Code, please seek
 24 assistance from any appropriate individual. If you are unsure of what to
 25 do in any situation, seek guidance before you act. Any waivers of the
 26 provisions of this Code for executive officers or directors must be
 27 approved by the Board of Directors. All such waivers, and the reasons for
 28 them, will be publicly disclosed within four business days (or such period
 of time as may be required by applicable law or regulations).

21 **XVI. No Retaliation**

22 Any Employee or Director who observes possible unethical or illegal
 23 conduct is encouraged to report his or her concerns. Reprisal, threats,
 24 retribution or retaliation against any person who has in good faith
 25 reported a violation or suspected violation of law, this Code of Conduct
 26 or other Company policies, or against any person who is assisting in any
 27 investigation or process with respect to such a violation, is prohibited.
 28 Any Employees or Directors involved in retaliation will be subject to
 serious disciplinary action by the Company. Such actions by Employees
 or Directors could also subject the Company to criminal or civil actions
 for acts of retaliation.

XVII. Code of Ethics for the CEO and Senior Financial Officers and Employees with Financial Reporting Responsibilities

In addition to being bound by all other provisions of this Code of Conduct, the Chief Executive Officer, the Chief Financial Officer and other senior financial officers, and Company employees with financial reporting responsibilities are subject to the following additional specific policies: (a) The Chief Executive Officer and all senior financial officers and employees with financial reporting responsibilities are responsible for full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the Company with the SEC and in other public communications made by the Company. Accordingly, it is the responsibility of such officers and employees to promptly bring to the attention of the Audit Committee any material information of which he or she may become aware that affects the disclosures made by the Company in its public filings or otherwise assist the Audit Committee in fulfilling its responsibilities as specified in the Company's Audit Committee Charter. (b) Each such employee shall promptly bring to the attention of the Audit Committee any information he or she may have concerning (a) significant deficiencies in the design or operation of internal controls which could adversely affect the Company's ability to record, process, summarize and report financial data or (b) any fraud, whether or not material, that involves management or other Employees who have a significant role in the Company's financial reporting, disclosures or internal controls. (c) Each such employee shall promptly bring to the attention of the Audit Committee, and, in the case of each senior financial officer, the Chief Executive Officer, any information such officer may have concerning any violation of the Code of Conduct, including any actual or apparent conflicts of interest between personal and professional relationships, involving any management or other Employees who have a significant role in the Company's financial reporting, disclosures or internal controls in accordance with the Company's Whistleblower Policy. (d) Each such employee shall promptly bring to the attention of the Audit Committee (and, in the case of each senior financial officer, the Chief Executive Officer), any information such officer may have concerning evidence of a material violation of the securities or other laws, rules or regulations applicable to the Company and the operation of its business, by the Company or any agent thereof in accordance with the Company's Whistleblower Policy. 10 (e) The Board of Directors shall determine, or designate appropriate persons to determine, appropriate actions to be taken in the event of violations of the Code of Conduct or of

these additional procedures by the Chief Executive Officer and the Company's senior financial officers, and employees with financial reporting responsibilities. Such actions shall be reasonably designed to deter wrongdoing and to promote accountability for adherence to the Code of Conduct and to these additional procedures, and shall include written notices to the individual involved that the Board has determined that there has been a violation, censure by the Board, demotion or re-assignment of the individual involved, suspension with or without pay or benefits (as determined by the Board) and potential termination of the individual's employment. In determining what action is appropriate in a particular case, the Board of Directors or such designee shall take into account all relevant information, including the nature and severity of the violation, whether the violation occurred once or repeatedly, whether the violation appears to have been intentional or inadvertent, whether the individual in question had been advised prior to the violation as to the proper course of action and whether or not the individual in question had committed other violations in the past.

34. At all times relevant hereto, the Individual Defendants were the agents of each other and were at all times acting within the course and scope of such agency.

CONSPIRACY, AIDING AND ABETTING, AND CONCERTED ACTION

35. The Individual Defendants engaged in a conspiracy, common enterprise, and/or common course of conduct throughout the Relevant Period. During the Relevant Period, the Individual Defendants caused the Company to conceal the true facts as alleged herein.

36. The purpose and effect of the conspiracy, common enterprise, and/or common course of conduct was, among other things, to: (i) facilitate and disguise the Individual Defendants' violations of law, including breaches of fiduciary duty and unjust enrichment; (ii) to conceal adverse information concerning the Company's operations, financial condition, future business prospects, internal controls, and

1 bonuses provided to employees; and (iii) to artificially inflate the Company's stock
2 price.

3
4 37. The Individual Defendants accomplished their conspiracy, common
5 enterprise, and/or common course of conduct by causing the Company to
6 purposefully, recklessly, or negligently to conceal material facts, misrepresent its
7 financial results, and violate applicable laws. Because the actions described herein
8 occurred under the authority of the Board, each of the Individual Defendants who are
9 directors of Resonant was a direct, necessary, and substantial participant in the
10 conspiracy, common enterprise, and/or common course of conduct complained of
11 herein.
12

13
14 38. Each of the Individual Defendants aided and abetted and rendered
15 substantial assistance in the wrongs complained of herein. In taking such actions to
16 substantially assist the commission of the wrongdoing complained of herein, each of
17 the Individual Defendants acted with knowledge of the primary wrongdoing,
18 substantially assisted the accomplishment of that wrongdoing, and was aware of his
19 overall contribution to, and furtherance of, the wrongdoing.
20

21
22 39. At all times relevant hereto, each of the Individual Defendants was the
23 agent of each of the other Individual Defendants and of Resonant, and was at all
24 times acting within the course and scope of such agency.
25

26
27 **BACKGROUND**
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1 40. The Company currently has no revenues or developed products. It is
2 developing its first commercial duplexer design in collaboration with Skyworks
3 Solutions, Inc.—a leading supplier of RF front-ends for mobile devices—pursuant to
4 a development agreement.
5

6 41. The development agreement contains the following progress milestones:
7

- 8 • Milestone 1 (Resonator Designs)—Design a set of resonators,
9 fabricate using an approved high volume manufacturer and provide
10 test results.
- 11 • Milestone 2 (First Duplexer Design)—Design the first iteration of
12 a fully-packaged duplexer, fabricate using the approved
13 manufacturer, provide test results and deliver samples.
- 14 • Milestone 3 (Second Duplexer Design)—Design the second
15 iteration of a fully-packaged duplexer, fabricate using the
16 approved manufacturer, provide test results and deliver samples.
- 17 • Milestone 4 (Production-Ready Duplexer Design)—Design
18 production-ready, fully-packaged duplexer, fabricate using the
19 approved manufacturer, provide test results and deliver samples.

20 **DEFENDANTS' MISCONDUCT**

21 42. The Relevant Period starts on August 14, 2014, when the Company filed
22 its 2014 2nd Quarter 10-Q with the SEC, which included its unaudited condensed
23 consolidated financial statements for the three and six month periods ended June 30,
24 2014 and 2013. The 2014 2nd Quarter 10-Q stated that Defendant Lingren and John
25 Philpott (“Philpott”) evaluated the effectiveness of the Company’s disclosure controls
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27
28

1 and procedures as of June 30, 2014 and concluded that the Company's disclosure
2 controls and procedures were effective.

3
4 43. The 2014 2nd Quarter 10-Q was signed by Philpott. The 2014 2nd Quarter
5 10-Q also contained signed certifications pursuant to the Sarbanes-Oxley Act of 2002
6 ("SOX") by Defendant Lingren and Philpott, which stated that the financial
7 information contained in the 2014 2nd Quarter 10-Q was accurate.
8

9 44. The statements referenced in ¶¶42 – 43 above were materially false
10 and/or misleading because they misrepresented and failed to disclose the following
11 adverse facts pertaining to the Company's business, operations, and prospects, which
12 were known to the Individual Defendants or recklessly disregarded by them.
13 Specifically, the Individual Defendants made false and/or misleading statements
14 and/or failed to disclose that: (1) there were errors in the valuation of warrant
15 liabilities, weighted average shares outstanding and earnings per share and the notes
16 to the condensed consolidated financial statements for the three and six months ended
17 June 30, 2014 and 2013; (2) the Company's disclosure controls and procedures were
18 not effective as of June 30, 2014; and (3) as a result of the foregoing, the Company's
19 financial statements were materially false and misleading at all relevant times.
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24 45. On November 6, 2014, the Company issued a press release announcing
25 the financial results and provided a business update for the third quarter ended
26 September 30, 2014. In the press release, Defendant Lingren stated in part:
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28

1 We are pleased to report that we completed Milestone 3 to our
2 customer's satisfaction on our first development agreement. The
3 duplexer we produced to meet this milestone exhibits competitive
4 performance and represents a significant accomplishment for our
5 engineering team. *We now expect to complete Milestone 4 in the first*
6 *quarter of 2015.*

7 [Emphasis added].

8 46. On December 15, 2014, the Company participated in Ascendant's
9 Quarterly Management Discussion Series. During the call, Defendant Lingren
10 expressed a high level of confidence with no surprises about meeting the milestone 4
11 requirements and presented it as "Test we already have answers to <...> It's mostly
12 reliability/qualification testing."

13 47. The statements referenced in ¶¶45 – 46 above were materially false
14 and/or misleading because they misrepresented and failed to disclose the following
15 adverse facts pertaining to the Company's business, operations, and prospects, which
16 were known to the Individual Defendants or recklessly disregarded by them.
17 Specifically, the Individual Defendants made false and/or misleading statements
18 and/or failed to disclose that Resonant would be unable to meet Milestone 4 in the
19 first quarter of 2015 and as a result of the foregoing, the Company's statements
20 concerning its business operations and prospects were materially false and misleading
21 at all relevant times.

22 **THE TRUTH SLOWLY EMERGES**

1 48. On October 8, 2014, the Company filed a Form 8-K with the SEC
2 revealing that its previously issued unaudited condensed consolidated financial
3 statements for the three and six month periods ended June 30, 2014 and 2013
4 included in its 2014 2nd Quarter 10-Q needs to be restated and that it had a material
5 weakness in its internal controls as of June 30, 2014. The Form 8-K states in part:
6
7

8 **Item 4.02 Non-Reliance on Previously Issued Financial Statements**
9 **or a Related Audit Report or Completed Interim Review.**

10 We filed a Quarterly Report on Form 10-Q for the quarter ended June 30,
11 2014 with the Securities and Exchange Commission on August 14, 2014
12 (the “Original Filing”). We plan to amend the Original Filing to amend
13 and restate our unaudited condensed consolidated financial statements
14 and related disclosures for the three and six months ended June 30, 2014
and 2013.

15 *Decision to Restate and Reliance on Prior Financials*

16 On October 2, 2014, we concluded that investors should no longer rely
17 on the previously issued unaudited condensed consolidated financial
18 statements for the three and six month periods ended June 30, 2014 in
19 our Original Filing (the “Affected Periods”). We reached our conclusion
20 after discussion with our Audit Committee and a joint discussion with
our independent registered public accounting firm.

21 We also identified a material weakness in our internal controls as of June
22 30, 2014. We are taking steps to remediate this weakness.

23 *Valuation of Warrant Liabilities*

24 We reviewed the accounting treatment of our bridge warrants, offering
25 warrants and consulting warrants (the “Subject Warrants”) and concluded
26 that the related warrant liabilities should have been permanently
27 reclassified as equity effective as of May 29, 2014, the date of our initial
28 public offering (the “IPO”). We based our conclusion on the fact that the
redemption and put features of the Subject Warrants automatically

1 terminated on the date of the IPO. Consequently, we should have also
2 ceased recording any further fair value adjustments after the date of the
3 IPO associated with quarterly adjustments to the fair value of warrant
4 liabilities. Due to the elimination of the warrant liabilities, we will not
5 record any further quarterly adjustments for the fair value of warrant
6 liabilities or any associated gain or loss from such adjustments.

6 *Weighted Average Shares Outstanding and Earnings per Share*

7 We discovered an error in the calculation of the weighted average shares
8 outstanding for the Affected Periods. Correcting this error has increased
9 the loss per share for both of the Affected Periods.

10 *Revision to Notes to Condensed Consolidated Financial Statements*

11 We concluded that the notes to the condensed consolidated financial
12 statements should be amended to include additional disclosures for
13 warrant liabilities, fair value of financial instruments and restatement of
14 condensed consolidated financial statements.

14 49. On this news, shares of Resonant fell \$0.13 per share from its previous
15 closing price to close at \$6.35 per share on October 9, 2014.

17 50. On October 10, 2014, the Company filed the Amended 2014 2nd Quarter
18 10-Q to amend and restate its unaudited condensed consolidated financial statements
19 and related disclosures for the three and six months ended June 30, 2014 and 2013.

21 51. On this news, shares of Resonant fell \$0.25 per share from its previous
22 closing price to close at \$6.05 per share on October 13, 2014.

24 52. On February 26, 2015, the Company issued a press release announcing
25 the financial results and provided a business update for the fourth quarter and year
26 ended December 31, 2014, which revealed the Company's inability to meet
27 Milestone 4 pursuant to its development agreement. The press releases states in part:
28

1
2 *We have delivered a completed duplexer design for consideration to our*
3 *first customer. Our design does not meet all the specifications in the*
4 *development agreement*, but we believe it delivers competitive
5 performance, which we view as a major accomplishment. Our customer's
6 decision whether to use our design is complex and based on a number of
7 considerations, many of which are beyond our control.

8 (Emphasis added).

9 53. On this news, shares of Resonant fell \$5.07 per share or over 32% from
10 its previous closing price to close at \$10.40 per share on February 27, 2015.

11 54. The Individual Defendants breached their fiduciary duties by
12 misrepresenting the Company's financial statements, effectiveness of its disclosure
13 controls and procedures and ability to meet Milestone 4 pursuant to its development
14 agreement. Once the Individual Defendants' breach of fiduciary duty were disclosed
15 to the market, Resonant's stock price reacted negatively as the artificial inflation was
16 removed from it.

17 55. In connection with the above detailed misrepresentations and failures to
18 disclose material facts, class action securities lawsuits were filed against the
19 Company and Defendant Lingren in the United States District Court, Central District
20 of California. The Complaints allege (among other things) that the Company and
21 certain officers of the Company made false and misleading statements in violation of
22 the federal securities laws.

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27 **DAMAGES TO RESONANT**
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1 56. As a direct and proximate result of the Individual Defendants' conduct,
2 Resonant has expended and will continue to expend significant sums of money.

3
4 57. Such expenditures include, but are not limited to, legal fees associated
5 with the class action lawsuits filed against the Company and Defendant Lingren for
6 violations of the federal securities laws, and amounts paid to outside lawyers,
7 accountants, and investigators in connection with any internal investigations.

8
9 58. Such costs include, but are not limited to, compensation and benefits
10 paid to the Individual Defendants who breached their fiduciary duties to the
11 Company.

12
13 59. As a direct and proximate result of the Individual Defendants' conduct,
14 Resonant has suffered and will continue to suffer a loss of reputation and goodwill,
15 and a "liar's discount" that will plague the Company's stock in the future due to the
16 misrepresentations made by the Individual Defendants and caused to be made by the
17 Company by the Individual Defendants.
18

19
20 **DERIVATIVE ALLEGATIONS**

21 60. Plaintiff brings this action derivatively and for the benefit of Resonant to
22 redress injuries suffered, and to be suffered, as a result of the Individual Defendants'
23 breaches of their fiduciary duties as directors and/or officers of Resonant, gross
24 mismanagement, abuse of control, and unjust enrichment, as well as the aiding and
25 abetting thereof.
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1 61. Resonant is named solely as a nominal party in this action. This is not a
2 collusive action to confer jurisdiction on this Court that it would not otherwise have.

3
4 62. Plaintiff is, and at all relevant times has been, a Resonant shareholder.
5 Plaintiff will adequately and fairly represent the interests of Resonant in enforcing
6 and prosecuting its rights, and, to that end, has retained competent counsel,
7 experienced in derivative litigation, to enforce and prosecute this action.
8

9 **DEMAND FUTILITY ALLEGATIONS**

10 63. Plaintiff incorporates by reference and re-alleges each and every
11 allegation stated above as if fully set forth herein.
12

13 64. A pre-suit demand on the Board of Resonant is futile and, therefore,
14 excused. At the time of filing of this action, the Board consisted of the following
15 individuals: Lingren, Major, Hammond, Cooper, Kornfeld, and Joseph (collectively,
16 the “Directors”). Plaintiff needs only to allege demand futility as to three of the six
17 directors that were on the Board at the time this action was commenced.
18

19
20 65. Defendant Lingren acted as the Company's CEO, Chairman of the
21 Board, and as a Director during the Relevant Period, and thus, is a non-independent
22 Director. Lingren received from the Company \$533,111 in compensation in 2014
23 and \$114,638 million in 2013, and beneficially owns 426,676 shares of Company
24 common stock. Due to his substantial equity interest in the Company and his
25 substantial income received from the Company, Lingren has a vested interest in
26 causing the Company stock price to be as high as possible. Moreover, Lingren made
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28

1 the false and misleading statements of material fact on August 14, 2014. As a result,
2 Lingren breached his fiduciary duties. Additionally, Lingren is a defendant in the
3 federal securities fraud class action lawsuits. Thus, Lingren faces a substantial
4 likelihood of liability, and demand upon him is futile and, therefore, excused.
5

6 66. Defendant Major is the Company Chairman of the Board. In 2014,
7 Major received from the Company \$181,500 in compensation and beneficially owns
8 12,000 shares of Company common stock. Due to his substantial equity interest in
9 the Company and his substantial income received from the Company, Major is
10 beholden to Defendant Lingren and has a vested interest in causing the Company
11 stock price to be as high as possible. Additionally, Major is on the Audit Committee
12 which is responsible for reviewing the Company's financial statements and related
13 disclosures, as well as reviewing the adequacy and effectiveness of the Company's
14 accounting and financial reporting processes, systems of internal control, and
15 disclosure controls and procedures. Therefore since the allegations in the complaint
16 directly relate to the responsibilities and conduct of the Audit Committee, Major as a
17 member of the Audit Committee, is not a disinterested director. Thus, as Major is not
18 a disinterested director, and as he faces a substantial likelihood of liability, demand
19 upon him is futile and, therefore, excused.
20

21 67. Defendant Hammond received from the Company \$464,720 in
22 compensation in 2014 and \$103,187 in 2013 and beneficially owns 426,666 shares of
23 Company common stock. Additionally, Hammond has a base salary of \$250,000.
24

1 Due to his substantial equity interest in the Company and his substantial income
2 received from the Company, Hammond is beholden to Defendant Lingren and
3 Philpott and has a vested interest in causing the Company stock price to be as high as
4 possible. Moreover, given that Hammond is a co-founder of the Company along with
5 Defendant Lingren, it is unlikely that Hammond will proceed against Defendant
6 Lingren, due to his long term business and personal relationship with Defendant
7 Lingren. Thus, as Hammond is not a disinterested director, and as he faces a
8 substantial likelihood of liability, demand upon him is futile and, therefore, excused.
9

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11
12 68. Defendant Cooper received from the Company \$181,500 in
13 compensation in 2014 and beneficially owns 27,000 shares of Company common
14 stock. Due to her substantial equity interest in the Company and her substantial
15 income received from the Company, Cooper is beholden to Defendant Lingren and
16 has a vested interest in causing the Company stock price to be as high as possible.
17 Additionally, Cooper is on the Audit Committee which is responsible for reviewing
18 the Company's financial statements and related disclosures, as well as reviewing the
19 adequacy and effectiveness of the Company's accounting and financial reporting
20 processes, systems of internal control, and disclosure controls and procedures.
21 Therefore since the allegations in the complaint directly relate to the responsibilities
22 and conduct of the Audit Committee, Cooper as a member of the Audit Committee, is
23 not a disinterested director. Thus, as Cooper is not a disinterested director, and as she
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1 faces a substantial likelihood of liability, demand upon her is futile and, therefore,
2 excused.

3
4 69. Defendant Kornfeld received from the Company \$181,500 in
5 compensation in 2014 and beneficially owns 12,000 shares of Company common
6 stock. Due to his substantial equity interest in the Company and his substantial
7 income received from the Company, Kornfeld is beholden to Defendant Lingren and
8 has a vested interest in causing the Company stock price to be as high as possible.
9 Additionally, Kornfeld is on the Audit Committee which is responsible for reviewing
10 the Company's financial statements and related disclosures, as well as reviewing the
11 adequacy and effectiveness of the Company's accounting and financial reporting
12 processes, systems of internal control, and disclosure controls and procedures.
13 Therefore since the allegations in the complaint directly relate to the responsibilities
14 and conduct of the Audit Committee, Kornfeld as a member of the Audit Committee,
15 is not a disinterested director. Thus, as Kornfeld is not a disinterested director, and as
16 he faces a substantial likelihood of liability, demand upon him is futile and, therefore,
17 excused.
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21
22 70. Defendant Joseph will be compensated on an annual retainer of \$50,000
23 in cash payable quarterly, an initial equity award of 24,000 restricted stock units and
24 an annual equity award of restricted stock units with a grant date fair value of
25 \$50,000. Due to his substantial equity interest in the Company and his substantial
26 income received from the Company, Joseph is beholden to Defendant Lingren and
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1 has a vested interest in causing the Company stock price to be as high as possible.
2 Thus, as Joseph is not a disinterested director, and as he faces a substantial likelihood
3 of liability, demand upon him is futile and, therefore, excused.
4

5 71. In complete abdication of their fiduciary duties, the Directors either
6 participated in or were recklessly unaware of the fraudulent scheme to inflate the
7 Company's stock price during the Relevant Period by failing to disclose that: (1) there
8 were errors in the valuation of warrant liabilities, weighted average shares
9 outstanding and earnings per share and the notes to the condensed consolidated
10 financial statements for the three and six months ended June 30, 2014 and 2013; (2)
11 the Company's disclosure controls and procedures were not effective as of June 30,
12 2014; and (3) as a result of the foregoing, the Company's financial statements were
13 materially false and misleading at all relevant times. The fraudulent scheme was
14 intended to make the Company appear more profitable and attractive to investors, and
15 to increase the Company stock price. As a result, the Directors breached their
16 fiduciary duties. Thus, each of the Directors face a substantial likelihood of liability,
17 and demand upon them is futile.
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22 72. Demand is excused as to all of the Directors because each one of them
23 faces, individually and collectively, a substantial likelihood of liability as a result of
24 their scheme, which renders them unable to impartially investigate the charges and
25 decide whether to pursue action against themselves and the other perpetrators of the
26 scheme.
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1 73. The Directors, as members of the Board, were and are subject to the
2 Code of Ethics. The Code of Ethics is applicable to all employees, including the
3 Company's officers and directors. The Code of Ethics goes well beyond the basic
4 fiduciary duties required by applicable laws, rules, and regulations. The Code of
5 Ethics required the Directors to also adhere to Resonant's standards of business
6 conduct. The Code of Ethics proclaims that " [t]he purpose of this Code of Conduct
7 is to promote ethical conduct, compliance with applicable laws and regulations, and
8 deter wrongdoing. The policies outlined in this Code of Conduct are designed to
9 ensure that the Company's employees, including its officers (collectively referred to
10 herein as "Employees") and members of its board of directors ("Directors"), act in
11 strict accordance with the letter and the spirit of the laws and regulations that apply to
12 the Company's business, and in a manner consistent with standards of high integrity."
13 Also, the Code of Ethics demands that all employees, officers, and directors when
14 making public statements shall convey "accurate information... [and] eliminate
15 misstatements of fact or misleading impressions." The Directors did not comply with
16 the requirements of the Code of Ethics. The Directors violated the Code of Ethics by
17 making and/or facilitating the false misrepresentations set forth, and by failing to
18 correct those misrepresentations until February 26, 2015. Because these Directors
19 violated the Code of Ethics, they face a substantial likelihood of liability for
20 breaching their fiduciary duties, and therefore demand upon them is futile.
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1 74. Furthermore, demand in this case is excused because the Directors, who
2 are named as defendants in this action, control the Company and are beholden to each
3 other. The Board is especially beholden to Defendant Lingren, who is not only the
4 Company's Director, but its CEO and founder who made the false and misleading
5 statements of material fact during the Relevant Period.
6

7
8 75. Members of the Board have longstanding business and personal
9 relationships with each other and the Individual Defendants that preclude them from
10 acting independently and in the best interests of the Company and the shareholders.
11 These conflicts of interest precluded the Board from adequately monitoring the
12 Company's operations and calling into question the Individual Defendants' conduct.
13 Thus, any demand on these Directors would be futile.
14

15
16 76. Resonant has been and will continue to be exposed to significant losses
17 due to the wrongdoing complained of herein, yet the Directors have not filed any
18 lawsuits against themselves or others who were responsible for that wrongful conduct
19 to attempt to recover for Resonant any part of the damages Resonant suffered and
20 will continue to suffer thereby. Thus, any demand on these Directors would be futile.
21

22
23 77. The Individual Defendants' conduct described herein and summarized
24 above could not have been the product of legitimate business judgments as it was
25 based on bad faith and intentional, reckless, or disloyal misconduct. Thus, none of
26 the Directors can claim exculpation from their violations of duty pursuant to the
27 Company's charter (to the extent such a provision exists). As a majority of the
28

1 Directors face a substantial likelihood of liability, they are self-interested in the
2 transactions challenged herein and cannot be presumed to be capable of exercising
3 independent and disinterested judgment about whether to pursue this action on behalf
4 of the shareholders of the Company. Accordingly, demand is excused as being futile.
5

6 78. The acts complained of herein constitute violations of fiduciary duties
7 owed by Resonant's officers and directors and these acts are incapable of ratification.
8

9 79. The Directors may also be protected against personal liability for their
10 acts of mismanagement and breaches of fiduciary duty alleged herein by directors'
11 and officers' liability insurance if they caused the Company to purchase it for their
12 protection with corporate funds, i.e., monies belonging to the stockholders of
13 Resonant. If there is a directors' and officers' liability insurance policy covering the
14 Directors, it may contain provisions that eliminate coverage for any action brought
15 directly by the Company against the Directors, known as, *inter alia*, the "insured-
16 versus-insured exclusion." As a result, if the Directors were to sue themselves or
17 certain of the officers of Resonant, there would be no directors' and officers'
18 insurance protection. Accordingly, the Directors cannot be expected to bring such a
19 suit. On the other hand, if the suit is brought derivatively, as this action is brought,
20 such insurance coverage, if such an insurance policy exists, will provide a basis for
21 the Company to effectuate a recovery. Thus, demand on the Directors is futile and,
22 therefore, excused.
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1 83. Plaintiff incorporates by reference and re-alleges each and every
2 allegation set forth above, as though fully set forth herein.
3

4 84. Each Individual Defendant owed to the Company the duty to exercise
5 candor, good faith, and loyalty in the management and administration of Resonant's
6 business and affairs.
7

8 85. Each of the Individual Defendants violated and breached his fiduciary
9 duties of candor, good faith, loyalty, reasonable inquiry, oversight, and supervision.
10

11 86. The Individual Defendants' conduct set forth herein was due to their
12 intentional, reckless, or negligent breach of the fiduciary duties they owed to the
13 Company, as alleged herein. The Individual Defendants intentionally, recklessly, or
14 negligently breached or disregarded their fiduciary duties to protect the rights and
15 interests of Resonant.
16

17 87. In breach of their fiduciary duties owed to Resonant, the Individual
18 willfully participated in misrepresentation of the Company's business operations and
19 prospects and failed to correct the Company's public statements, rendering them
20 personally liable to the Company for breaching their fiduciary duties.
21

22 88. The Individual Defendants had actual or constructive knowledge that
23 they had caused the Company to improperly misrepresent its business operations and
24 prospects and they failed to correct the Company's public statements. The Individual
25 Defendants had actual knowledge of the misrepresentations and omissions of material
26 facts set forth herein, or acted with reckless disregard for the truth, in that they failed
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1 to ascertain and to disclose such facts, even though such facts were available to them.
2 Such material misrepresentations and omissions were committed knowingly or
3 recklessly and for the purpose and effect of artificially inflating the price of
4 Resonant's securities.
5

6 89. These actions were not a good-faith exercise of prudent business
7 judgment to protect and promote the Company's corporate interests.
8

9 90. Individual Defendants had actual knowledge of the misrepresentations
10 and omissions of material facts set forth herein, or acted with reckless disregard for
11 the truth in that they failed to ascertain and to disclose such facts, even though such
12 facts were available to them. Such material misrepresentations and/or omissions
13 were caused to be made knowingly or recklessly.
14
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16 91. As a direct and proximate result of the Individual Defendants' breaches
17 of their fiduciary obligations, Resonant has sustained and continues to sustain
18 significant damages. As a result of the misconduct alleged herein, Individual
19 Defendants are liable to the Company.
20

21 **SECOND CLAIM**

22 **Against Individual Defendants for Abuse of Control**

23
24 92. Plaintiff incorporates by reference and re-alleges each and every
25 allegation set forth above, as though fully set forth herein.
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1 FOR THESE REASONS, Plaintiff demands judgment in the Company's favor
2 against all Individual Defendants as follows:

3 (a) Declaring that Plaintiff may maintain this action on behalf of
4 Resonant, and that Plaintiff is an adequate representative of the Company;

5 (b) Declaring that the Individual Defendants have breached and/or
6 aided and abetted the breach of their fiduciary duties to Resonant;

7 (c) Determining and awarding to Resonant the damages sustained by it
8 as a result of the violations set forth above from each of the Individual Defendants,
9 jointly and severally, together with pre-judgment and post-judgment interest thereon;

10 (d) Directing Resonant and the Individual Defendants to take all
11 necessary actions to reform and improve its corporate governance and internal
12 procedures to comply with applicable laws and to protect Resonant and its
13 shareholders from a repeat of the damaging events described herein, including, but not
14 limited to, putting forward for shareholder vote the following resolutions for
15 amendments to the Company's Bylaws or Articles of Incorporation and the following
16 actions as may be necessary to ensure proper corporate governance policies:

- 17 1. a proposal to strengthen the Board's supervision of operations and
18 develop and implement procedures for greater shareholder input
19 into the policies and guidelines of the Board;
- 20 2. a provision to permit the shareholders of Resonant to nominate at
21 least four candidates for election to the Board; and
22

1 3. a proposal to ensure the establishment of effective oversight of
2 compliance with applicable laws, rules, and regulations.

3
4 (e) Awarding Resonant restitution from Individual Defendants, and
5 each of them;

6 (f) Awarding Plaintiff the costs and disbursements of this action,
7 including reasonable attorneys' and experts' fees, costs, and expenses; and
8

9 (g) Granting such other and further relief as the Court may deem just
10 and proper.
11

12 **JURY TRIAL DEMANDED**

13 Plaintiff hereby demands a trial by jury.

14
15 Dated: September 25, 2015

Respectfully submitted,

16 **THE ROSEN LAW FIRM, P.A.**

17
18 /s/ Laurence M. Rosen

19 Laurence M. Rosen, Esq. (SBN 219683)

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21 Los Angeles, CA 90071

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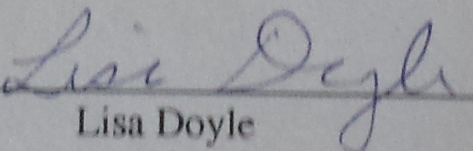
24 Email: lrosen@rosenlegal.com

25 Counsel for Plaintiff
26
27
28

VERIFICATION

I, Lisa Doyle, am the plaintiff in the within action and am a citizen of the State of New York. I have read the foregoing complaint and know the contents thereof. The allegations of the complaint are true of my personal knowledge, except as to the matters therein stated to be alleged on information and belief, and as to those matters I believe them to be true.

I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct. Executed this 21st day of September 2015.



Lisa Doyle